

**SUMMARY OF THE REGULAR MEETING OF THE
ARIZONA STATE RETIREMENT SYSTEM
OPERATIONS COMMITTEE**

**HELD ON
Thursday, September 22, 2005
10:30 a.m., MST**

The Operations Committee (OC) of the Arizona State Retirement System (ASRS) met in regular session in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Michael Townsend, Chair, called the meeting to order at 10:30 a.m.

This meeting was teleconferenced to the ASRS Tucson office at 7660 East Broadway Boulevard, Suite 108, Tucson, Arizona 85710.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Michael Townsend, Chair
 Mr. Steven Zeman, Vice-Chair
 Dr. Keith Meredith

Excused: Mr. David Byers

A quorum of the Committee was present for the purpose of conducting business.

**2. Presentation, Discussion and Appropriate Action Regarding the Deputy Director's
Quarterly Information Technology (IT) Plan Report**

Mr. Anthony Guarino, Deputy Director, Chief Operations Officer, gave a brief overview of the quarterly Information Technology (IT) Plan. He reminded the Committee of the project scope and schedule, along with the budget. With regards to the budget, Mr. Guarino said that the project was on target and the remaining costs were approximately \$20.06 million which the amount of monies available was \$21.16 million.

Mr. Guarino then reviewed the organization management structure for the IT project, and the project management structure. He stated there would be five (5) project managers total for the plan overseeing such areas as business analysis, systems testing, and network support.

Mr. Kent Smith, the ASRS IT Plan Project Director, discussed the methodology of the plan, including a comparison of how the methodology was changed in 2004 to streamline the project process and improve efficiency. Mr. Smith also provided several graphs to contrast the two methodologies.

Project status reports were then provided by Mr. Smith. He introduced a new format for the reports known as the “dashboard” which will give a brief snapshot overview of each section of the IT plan. Mr. Smith then reviewed the status of the following areas: Member Statements, Back File Conversion, Disbursements, FileNet BPM, Forfeitures, Long Term Disability (2005), and FMS. Both Mr. Guarino and Mr. Smith noted that all areas were proceeding along as planned with the exception of Disbursements and Long Term Disability where those two areas were behind schedule.

Mr. Smith then mentioned the associated risks with the program including project staff turnover, availability of business resources and legislation. He stated that these items were variables and could alter the schedule of any of the areas.

Mr. Guarino and Mr. Smith led a brief discussion of the various goals for each area under the IT plan and provided a bullet-point summation of each area’s goals. It was determined that it would serve the Committee better if the bullet-point summation was turned into a checklist to track the completion of each goal.

Mr. Bob Solheim, a consultant with Provaliant, gave an update on his firm’s recommendations regarding the IT plan given at the July, 2005 Operations Committee meeting. Mr. Solheim said all recommendations had been satisfied. He also reviewed the role of the Independent Advisory Consultant (IAC) and its scope of work. He then presented the Committee with a “scorecard” of how the IT plan is progressing. In all areas, he gave a “green light” to the progress being made.

3. Presentation, Discussion and Appropriate Action Regarding the 2006 Open Enrollment for Medical and Dental Plans

Mr. Patrick Klein, ASRS Assistant Director for External Affairs, gave a presentation regarding the upcoming 2006 Open Enrollment. He stated the enrollment period was on track and would begin on Monday, October 3, 2005 and continue through Friday, October 28, 2005. He also said that the packets for retirees and disabled members (constituting some 76,000 people) would be completed by the end of September. A mailer had been sent to retirees and disabled members announcing the open enrollment period and providing preliminary information on the Open Enrollment process.

Mr. Klein mentioned that the Rural Subsidy had been removed from six southern Arizona counties and it was a continued goal to eventually provide HMO coverage to the entire state.

A discussion ensued regarding the new Medicare Part D coverage that was being offered. Mr. Klein stated that retirees were being warned that if they decided to enroll in Part D coverage on their own, they would be ineligible to retain their health insurance via the ASRS. He said this was due to the fact that PacifiCare was providing payment of the Part D coverage for people who enrolled in their program and Medicare does not allow its beneficiaries to be enrolled in two Medicare Part D plans simultaneously.

Mr. Klein also mentioned the PacifiCare and United Health Care merger, pointing out that there would little, if any, effect on the ASRS in the near future.

Members of the Committee and ASRS Staff complimented Mr. Klein on the look, format and design of the Open Enrollment booklet.

4. Presentation, Discussion and Appropriate Action Regarding Recently Conducted Audits

Mr. Bernard Glick, ASRS Internal Auditor, updated the Committee on audits for:

- Tempe Elementary School District #3
- Chandler School District
- Apache Junction Unified School District

He said the audit findings were completed for Apache Junction Unified School District, there were still outstanding issues with the other two employers. He said he would update the Committee as necessary.

Mr. Glick gave a brief overview of the audit being performed on the Arizona Department of Health Services including all current findings and recommendations and a stipulation from the employer that they had accepted the findings and intend to or have implemented the recommendations.

The Maricopa Water District audit was also presented by Mr. Glick. He reviewed the findings of the audit and noted that the Water District had accepted the draft report as prepared and agreed with the recommendations made by the auditors.

5. Committee Trustee Requests for Agenda Items

None

6. Call to the Public

No members of the public addressed the Committee.

7. Adjournment of the OC

Mr. Michael Townsend adjourned the meeting at 1:13 p.m.

Respectfully Submitted by,

Zachary Kucera
Committee Secretary

Date

Anthony Guarino
Deputy Director, Chief Operations Officer

Date